

189—18.1(533) Definitions. The following words and terms, when used in these rules, shall have the meaning shown below:

“Allowance for loan losses” means a valuation account of the general ledger that is established for the purpose of disclosing and recognizing probable loan losses and is reported as a reduction to the loan asset whenever the credit union’s financial statement is generated.

“Contingency” means an existing condition, situation or set of circumstances involving uncertainty as to the possible gain or loss to an asset of the credit union that will ultimately be resolved when one or more future events occur or fail to occur.

“Financial statement” means the product by which the credit union presents accurately and fully the financial condition of the credit union as of a particular date and the results of operations for a specified period.

“General ledger” means the record of final entry which shows a summary of the current balances of the credit union’s accounts and the results of operations for the period, and acts as a control over numerous postings to the individual or subsidiary ledgers.

“Legal reserve” means the statutory reserve account of the credit union set aside from gross earnings as a regular reserve against losses on loans and other contingencies, in accordance with Iowa Code chapter 533.

“Loan classified as doubtful” means a loan with a probability classification for loss contingency of reasonably possible—when the chance of the future event or events is considered more than remote but less than likely to occur.

“Loan classified as loss” means a loan with a probability classification for loss contingency of probable—when the chance of the future event or events is considered likely to occur.

“Loan classified as substandard” means a loan with a probability classification for loss contingency of remote—when the chance of the future event or events occurring is considered slight.

“Provision for loan losses” means an expense account of the general ledger to which debit or credit adjustments to the allowance for loan losses account are charged.

“Special reserve” means an additional regular reserve account of the credit union, established and required by the superintendent, to be set aside against losses from loans or other contingencies, in accordance with Iowa Code chapter 533.